

November 25, 2013

Spring Asset Management Limited (as manager of Spring Real Estate Investment Trust)  
20/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

DB Trustees (Hong Kong) Limited  
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1 Austin Road West  
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Hong Kong

Credit Suisse (Hong Kong) Limited  
Level 88, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Dear Sirs

**Re: Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")**

#### INSTRUCTIONS

With reference to the instructions received from Spring Asset Management Limited (as the Manager of Spring Real Estate Investment Trust) (the "REIT Manager") to value the captioned property held by RCA01 (the "Company"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary to allow us to provide you with our opinion of the market value of the Property, as at August 31, 2013 (the "Date of Valuation"), for the purpose of incorporating in the Offering Circular.

#### BASIS OF VALUATION

Our valuation of the Property represents the Market Value which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

**VALUATION METHODOLOGY**

In the course of our valuation, we have taken into account the existing tenancies of the Property.

We have adopted Discounted Cash Flow Analysis (“DCF Analysis”) to assess the market value of the Property. DCF Analysis involves discounting the future net cash flow of the Property to its present value by using an appropriate discount rate that reflects the rate of return required by a third-party investor for an investment of this type. The DCF Analysis, which comprises annual rental income streams, was mainly based on the following assumptions:

- i) We have estimated that market rent as at the valuation date is RMB410 per sq m per month, excluding property management fee, which is based on the recent 6 months new leases committed, for 2013 will grow at 0% per annum, followed by an annual growth rate of 5% from 2014 to 2018;
- ii) We have made reference to the occupancy rate of similar office developments in Beijing CBD and adopted a long-run occupancy rate of 95% in DCF Analysis;
- iii) The discount rate adopted was 9%. We have taken into account the location, income and tenant mix of the Property and the requirement of return of property investors when determining the discount rate;
- iv) A net terminal capitalization rate of 6% was applied when deriving the present value of the cash flows after year 2018;
- v) The operating period of the Property is based on the un-expired term of the land use rights of approximately 40 years as mentioned in the land use rights certificate of the Property.

We have also carried out the valuation by the Income Capitalization Approach, which is a valuation method commonly applied for investment properties. The Income Capitalization Approach estimates the values of the properties on an open market basis by capitalizing rental income on an assumed fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalization of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land use rights term and is capitalized on an assumed fully leased basis. The gross yield adopted for capitalization of the rental income is derived with reference to the comparable Grade A offices in Beijing in consideration of the characteristics of the Property. This expected return reflects implicitly the quality of the investment, the expectation of the potential future rental growth, capital appreciation, risk factors, and also based on our experience in valuing other similar properties.

The market rent adopted in the Income Capitalization Approach is RMB410 per square meter per month, which is in line with our assumption in DCF approach as it reflect the

achievable rent in the market. The adopted capitalization rate in our valuation is 7.0%. The capitalization rate is applied to capitalize the rental income generated for the unexpired term of the land use rights of the property until October 28, 2053.

#### ASSUMPTIONS AND CAVEATS

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property. In addition, no forced sale situation in any matter is assumed in our valuation.

In our valuations, we have not made any allowance for any charges, mortgages or amounts owing on the Property or for expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that no significant capital expenditure by the owners of the Property will be required in the foreseeable future.

We are not aware of any significant overseas taxes expected to be charged in respect of the Property.

#### TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property interests situated in the PRC. We have not, however, scrutinized the original documents to verify ownership or to verify any material encumbrances that might be attached to the Property or any amendments, which may not appear on the copies handed to us. We have relied on the PRC legal opinion given by the REIT Manager's PRC legal advisor on the PRC law regarding title to the Property.

#### VALUATION CONSIDERATION

We have relied to a very considerable extent on the information provided by the REIT Manager and have accepted advice given to us on such matters as development schemes for the Property and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us by the REIT Manager.

We have inspected the exterior of the Property and, where possible, we have also inspected the interior of the premises. However, we have not carried out investigations to determine the suitability of the ground conditions and the services etc for any future development. According to the Building Condition Survey Report prepared by Nikken Sekkei Co., Ltd provided to us by the REIT Manager, the Property is structurally safe and is maintained in a good condition. We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Property but have assumed that the site and floor areas provided to us are correct. All documents and contracts have been used as a reference only and all dimensions, measurements and areas are approximations.

## REMARKS

Our valuation is prepared in accordance with Chapter 6.8 of the Code on Real Estate Investment Trusts (the “REIT Code”) issued by the Securities and Futures Commission (the “SFC”), the Practice Note on Overseas Investment by SFC — Authorized Real Estate Investment Trusts (forming part of the REIT Code) and the “HKIS Valuation Standards on Properties (First Edition 2005)” published by The Hong Kong Institute of Surveyors and the RICS Valuation — Professional Standards, incorporating the International Valuation Standards (March 2012) published by the Royal Institution of Chartered Surveyors.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,  
For and on behalf of

**Colliers International (Hong Kong) Ltd**

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Zhi Rong He (Flora He)  
*MRICS MCOMFIN*  
Director  
Valuation and Advisory Services

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David Faulkner  
*BSc(Hons) FRICS FHKIS RPS(GP) MAE*  
Executive Director  
Valuation and Advisory Services

*Note: Mr David Faulkner, Chartered Valuation Surveyor, BSc(Hons), FRICS, FHKIS, RPS(GP), MAE, has over 25 years of experience in the valuation of properties in Hong Kong and the PRC.*

*Ms Zhi Rong He (Flora He), Chartered Valuation Surveyor, MRICS, MCOMFIN, has over 10 years of experience in the valuation of properties in Hong Kong and the PRC.*

## VALUATION OF THE PROPERTY

## VALUATION ABSTRACT

Property:	Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property") (中華人民共和國北京市朝陽區建國路79, 81號華貿中心1, 2號樓辦公區域及地下車位部分)
Description:	The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property was completed in 2006 and the office portion is in Premium Grade (the highest quality of Grade A) quality by Colliers International's definition.
Site Area:	13,692.99 sq m
GFA:	Office: 120,245.19 sq m Car Park: 25,127.35 sq m Total: 145,372.54 sq m
Registered Owner:	RCA01
State-owned Land Use Certificate:	Jing Chao Guo Yong (2010 Chu) Di 00118 Hao (京朝國用(2010出)第00118號)
Permitted Use:	Office and car park uses
Building Ownership Certificate	56 Real Estate Ownership Certificates Nos. X Jing Fang Quan Zheng Chao She Wai Zi Di 521508 to 521593 Hao (discontinuous)
Date of Valuation:	August 31, 2013
Valuation Approach:	Discounted Cash Flow Analysis ("DCF Analysis") Income Capitalization Approach
Market Value in Existing State as at August 31, 2013:	DCF Analysis: RMB7,734,000,000 Income Capitalization Approach: RMB7,760,000,000 Reconciled Value: <b>RMB7,747,000,000</b> <b>RENMINBI SEVEN BILLION SEVEN HUNDRED AND FORTY SEVEN MILLION</b>

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of Occupancy</u>	<u>Estimated Net Property Yield</u>	<u>Market Value in Existing State as at August 31, 2013</u>												
Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")	<p>China Central Place is a mixed-use development in Beijing's CBD, which comprises luxury retail, three premium grade office towers, two five star hotels, car park, residential, club house, etc.</p> <p>The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property is completed in 2006 and the office portion is in Premium Grade (the highest quality of Grade A) quality by Collier International's definition.</p> <p>The Property has a total gross floor area (GFA) of approximately 145,372.54 sq m, a breakdown of which is as follows:</p> <table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>GFA (sq m)</u></th> </tr> </thead> <tbody> <tr> <td>Office— Tower 1</td> <td>56,068.32</td> </tr> <tr> <td>Office— Tower 2</td> <td>64,176.87</td> </tr> <tr> <td><i>Sub-total</i></td> <td><u>120,245.19</u></td> </tr> <tr> <td>Car Park</td> <td>25,127.35</td> </tr> <tr> <td><b>Total</b></td> <td><b><u>145,372.54</u></b></td> </tr> </tbody> </table>	<u>Use</u>	<u>GFA (sq m)</u>	Office— Tower 1	56,068.32	Office— Tower 2	64,176.87	<i>Sub-total</i>	<u>120,245.19</u>	Car Park	25,127.35	<b>Total</b>	<b><u>145,372.54</u></b>	<p>As at the date of valuation, the office portion of the Property is let under various tenancies for various terms with the latest expiring on January 31, 2018, yielding a total monthly rental income of approximately RMB37,700,000 exclusive of management fee and utility charges. A number of tenancies contain rent review clauses and/ or options to renew for further terms at the then market rents.</p> <p>The occupancy rate of the Property (excluding car park) as at August 31, 2013 was about 96%.</p> <p>Approximately 600 car park spaces are being operated as a fee-paying carpark. The total average monthly income in 2012 is approximately RMB258,500.</p> <p>Various naming rights are let under various agreements, yielding an average monthly rental of approximately RMB750,000 in 2012.</p>	5.1%	RMB7,747,000,000
<u>Use</u>	<u>GFA (sq m)</u>															
Office— Tower 1	56,068.32															
Office— Tower 2	64,176.87															
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Car Park	25,127.35															
<b>Total</b>	<b><u>145,372.54</u></b>															

Property	Description and Tenure	Particulars of Occupancy	Estimated Net Property Yield	Market Value in Existing State as at August 31, 2013
	The land use rights of the Property have been granted for a term expiring on October 28, 2053 for office and car park use.			

## Notes:

- 1) Pursuant to State-Owned Land Use Right Certificate Jing Chao Guo Yong (2010 Chu) No.00118 (京朝國用(2010出)第00118號) dated May 21, 2010, the land use rights of the Property, with a site area of 13,692.99 sq m, has been granted to RCA01 for a 50-year term expiring on October 28, 2053 for office and car park uses.
- 2) Pursuant to the 56 Real Estate Ownership Certificates X Jing Fang Quan Zheng Chao She Wai Zi No. 521508 to 521593 (discontinuous) issued by the Beijing Municipal Commission of Construction (北京市建設委員會), the ownership of the Property, located at Nos.79 and 81 Jianguo Road, Chaoyang District, with a total gross floor area of approximately 145,372.54 sq m (including 120,245.19 sq m for office use and 25,127.35 sq m for car park use), is vested to RCA01.
- 3) The ownership and corresponding land use rights of the Property are mortgaged to Australia and New Zealand Bank Group Limited, Singapore Branch, the security agent under the Facility Agreement and the other documents set out in Schedule 6 ("Security Agreements"), for a loan amounts to USD515,000,000.
- 4) In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repair of main building structure and tenant is responsible for the maintenance of internal non-structural repair of the Property.
- 5) The estimated net property yield of the Property is based on the said monthly rental income of the office and car park portion for August 2013 and average monthly income from naming rights after allowing business tax and real estate tax provided by RCA01.
- 6) Based on the tenancy information provided by the REIT Manager, our analysis of the existing tenancy profile as at August 31, 2013 (excluding car parking spaces) is set out below:

**Occupancy Profile**

Type	Office GFA (sq m) (approx.)	% of total (approx.)
Leased	115,097	96
Vacant	5,149	4
<b>Total</b>	<b>120,245</b>	<b>100</b>

**Tenancy Commencement Profile**

Year	Leased Office GFA <sup>Note 1</sup> (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB) <sup>Note 2</sup> (approx.)	% of total (approx.)	No. of Tenancies <sup>Note 3</sup>	% of total (approx.)
2007	42,722	37.1	12,445,131	33.0	54	30.9
2008	13,248	11.5	4,168,833	11.1	17	9.7
2009	5,895	5.1	2,173,159	5.8	11	6.3
2010	13,940	12.1	4,620,899	12.3	25	14.3
2011	9,669	8.4	2,906,212	7.7	19	10.9
2012	17,305	15.0	6,747,688	17.9	24	13.7
2013	12,318	10.7	4,634,155	12.3	25	14.3
<b>Total</b>	<b>115,097</b>	<b>100.0</b>	<b>37,696,078</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>

**Tenancy Expiry Profile**

<b>Year</b>	<b>Leased Office GFA<sup>Note 1</sup> (sq m) (approx.)</b>	<b>% of total (approx.)</b>	<b>Monthly Rental (RMB)<sup>Note 2</sup> (approx.)</b>	<b>% of total (approx.)</b>	<b>No. of Tenancies<sup>Note 3</sup></b>	<b>% of total (approx.)</b>
2013 .....	15,376	13.4	3,701,817	9.8	22	12.6
2014 .....	29,582	25.7	8,247,900	21.9	46	26.3
2015 .....	16,216	14.1	5,920,969	15.7	34	19.4
2016 .....	39,851	34.6	15,428,040	40.9	57	32.6
2017 .....	8,666	7.5	2,829,805	7.5	7	4.0
2018 .....	5,406	4.7	1,567,547	4.2	9	5.1
<b>Total .....</b>	<b>115,097</b>	<b>100.0</b>	<b>37,696,078</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>

**Tenancy Duration Profile**

<b>Year<sup>Note 4</sup></b>	<b>Leased Office GFA<sup>Note 1</sup> (sq m) (approx.)</b>	<b>% of total (approx.)</b>	<b>Monthly Rental (RMB)<sup>Note 2</sup> (approx.)</b>	<b>% of total (approx.)</b>	<b>No. of Tenancies<sup>Note 3</sup></b>	<b>% of total (approx.)</b>
0-1 year .....	394	0.3	167,412	0.4	1	0.6
1-2 years .....	2,970	2.6	1,094,439	2.9	3	1.7
2-3 years .....	8,837	7.7	3,198,623	8.5	17	9.7
3-4 years .....	23,980	20.8	8,498,381	22.5	44	25.1
4-5 years .....	2,464	2.1	862,434	2.3	8	4.6
5-6 years .....	4,234	3.7	1,584,109	4.2	10	5.7
6-7 years .....	42,481	36.9	11,749,822	31.2	54	30.9
7-8 years .....	3,885	3.4	1,181,386	3.1	7	4.0
8-9 years .....	11,545	10.0	4,560,195	12.1	11	6.3
9-10 years .....	9,590	8.3	3,432,090	9.1	14	8.0
More than 10 years .....	4,718	4.1	1,367,186	3.6	6	3.4
<b>Total .....</b>	<b>115,097</b>	<b>100.0</b>	<b>37,696,078</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>

Note 1: As at the date of valuation, the total leased office GFA of about 115,097 square metres includes an area of about 1,626 square metres for tenancies with lease terms not yet commenced and an area of about 113,471 square metres for tenancies with lease terms already commenced.

Note 2: As at the date of valuation, the total monthly rental only includes the monthly rental receivable from tenancies with lease terms already commenced and excludes the monthly rental receivable from tenancies with lease terms not yet commenced, amounting to about RMB699,930 per month.

Note 3: As at the date of valuation, there are 175 tenancies, in which 170 tenancies are with lease terms already commenced and 5 tenancies are with lease term not yet commenced.

Note 4: The duration of tenancy is calculated from the date when the tenant moved in till expiry date of current contract. For the renewals, the duration of tenancy is calculated from the first lease started. There are tenancies that have been renewed once or twice. The standard lease is in 36 months.

**PRC Legal Opinion on RCA01**

The PRC legal opinion states, inter alia, that:

- i) RCA01 has obtained the land use rights and building ownership rights of the Property with a site area of 13,692.99 sq m and the gross floor area of 145,372.54 sq m respectively. RCA01, being the sole legal owner of the land use



rights and building ownership rights of the Property, has obtained all necessary permits and certificates from relevant departments of the PRC Government, and has the rights to occupy, use, lease, transfer, mortgage or deal with the said land use rights and building ownership rights by other lawful means in accordance with the permitted use during the term of the said land use rights.

- ii) The land use rights and building ownership rights of the Property are mortgaged to the security agent under the Facility Agreement and the Security Agreements for a loan amount of USD515,000,000. Except the aforesaid mortgage, there are no other mortgage registrations and seizure records relating to the building ownership and land use rights of the Property.
- iii) RCA01 is the sole legal owner of the building ownership rights of the Property and possesses the rights to lease the Property and receive rental income from the leased property according to the relevant tenancy agreements.
- iv) The existing tenancy agreements are legal and valid, and binding on both the signing parties within the respective tenancy period.
- v) The tenants should not sub-let the leased portion of the Property during relevant lease terms unless agreed by RCA01 in writing. The tenants agree to waive its rights of refusal regarding the purchase of the leased portion of the Property. If RCA01 wishes to dispose of the leased portion of the Property, no consent is required of the tenants but a notice shall be given the tenants. The said property management agreements regarding the office portion of the Property as stipulated in the valuation certificate are legal and valid, and binding on both the signing parties.

## **MARKET OVERVIEW**

### **China General Overview**

The People's Republic of China ("PRC") is the world's second biggest economic system and the third largest country (in terms of total area) with a total population reaching approximately 1.4 billion in 2012. Since the open-door policies instituted 30 years ago, the PRC's gross domestic product (GDP) has been continuously growing. The country had realized double-digit annual growth until 2007. Since 2008, GDP grew moderately between 7.7% and 10.3% and the total amount climbed from RMB31 trillion in 2008 to over RMB59 trillion in 2012. According to the International Monetary Fund ("IMF") World Economic Outlook update in October 2013, the PRC is expected to grow at an average of 7.5% between 2013 and 2014. The growth of the PRC's booming economy is supported by the remarkably rising internal demand and the modestly developing external demand.

### **Beijing City Overview**

Beijing is the capital of the PRC. It is situated at the northeast edge of the North China Plain, covering a land area of approximately 16,411 square kilometres, with six urban districts, eight suburban districts and two rural counties under its jurisdiction. It serves as one of the major transportation hubs and the country's political, financial, cultural and educational centre. It is the place where the Chinese Central Government is located so

government agencies and financial institutions at state level, most of China's large state-owned enterprises (SOEs) and many multi-national corporations (MNCs) are located in Beijing. Due to the countrywide economic impact, the decisions made in Beijing are the most influential. Also, the successful hosting of the 2008 Summer Olympic Games catalysed Beijing's global exposure, especially reinforced by better integrated infrastructure and transportation network, leading the city to become more attractive to the international and domestic market.

### **Beijing Office Market**

The Beijing office property market can be primarily divided into Grade A and Grade B sectors. Within the Grade A sector, only a few assets can meet the international Grade A standard and consequently be categorized as Premium Grade. Premium Grade office property is the market leader in terms of building specifications, quality of occupiers, as well as rental achievements. The Property is one of the Premium Grade office properties in Beijing, and similar to other counterparts located in the Central Business District (CBD) submarket.

The CBD Grade A office submarket is the largest supply in Beijing. This submarket together with Financial Street Grade A office submarket are the two closest business submarkets to the Central Government core decision makers at Zhongnanhai on Chang An Avenue. Therefore, many domestic and multinational corporates will choose these areas as their priority presence. The market rent and occupancy is the highest amongst the city.

### ***Supply and Demand***

The total stock of Grade A office market is currently around 5.3 million sq m. This sum has been in an increasing trend from 2004. In particular, the total stock of Grade A office within the CBD submarket is 1.9 million sq m. For the coming 2-3 years, CBD Grade A office supply will be around 350,000 sq m and the supply in the nearest term will be Fortune Financial Centre Phase III.

Demand has outpaced supply in Beijing's Grade A office market since 2010, leading to a significant decrease in overall average vacancy rate. During the period from 2010, the overall average vacancy rate decreased from 10.0% in 4Q2010 to 3.8% in 3Q2013, down 6.2 percentage points in 33 months. Better profile companies are added into the tenant mix as rent increases. Demand for CBD Grade A office is mainly driven by banks, financial institutions such as insurance companies, funds, trusts, professional services companies like law, accounting and consultancy firms, state-owned enterprises, domestic and multi-national corporations from industries for example pharmaceuticals and related, international brands, consumer goods etc. The vacancy rate for CBD Grade A office has decreased tremendously since 2010 and is now at 5.74%.

### ***Rents***

Beijing Grade A office market rent has undergone dramatic growth since 2010. In 4Q2010, the overall average market rent of Beijing Grade A offices was RMB164.3 per sq m per month, and in 3Q2013, the rent climbed to RMB316.6 per sq m per month, up approximately 93 percentage points. The average market rent in 2013 has started to become stabilized with slight fluctuations. We observed that rent free periods are shorter than previously, keeping the effective in-place rent in a high position. In the CBD, the average Grade A office rent stood at RMB357.6 per sq m per month in 3Q 2013.

The transacted rent falls within the general market range. The range for Beijing Grade A office, CBD Grade A office, and Premium Grade office falls between RMB 270-530, RMB 330-530, and RMB370-600 per sq m per month respectively.

***Market Trend***

According to the National Bureau of Statistics in July 2013, the PRC has achieved an overall GDP growth of 7.6% in the first half of the year. The State Council announced more measures to support the growth of economic sectors. The economy will be mainly driven by domestic consumption and international demand. Many of the favorable industries such as finance, biotechnology, state-owned resources, new material, clean energy, luxury and reputable branded goods, infrastructure will be attracted to set-up or expand their offices in high grade office areas. Beneficiary industries such as financial services, professional services, trade as well as regional headquarters and operation centres will add an additional demand for Grade A offices. With a limited new supply of Grade A offices in the CBD in the coming 2-3 years, sustained and new demand will bring positive momentum.

The Property is a component of a mixed-use development in the CBD area of Beijing. Although rent in the CBD Grade A office area may undergo some adjustments with slight fluctuations in the coming short term period, the Subject Property will not likely face meaningful competition due to its Premium Grade quality, location and the limited comparable new supply in this area. In the mid-to long-term period, the overall effective rental income as well as the capital value of properties is expected to be favorable to the owner.